

What you are about to learn is one of the big secrets that some well known credit gurus use to build their customers credit.

The purpose of this information is to show you how to add personal loans and leases to your personal credit report. The method you will learn is the same technique that banks, auto dealers, and property managers use. We will be using the UCC (uniformed commercial code) to place trade references on your report. Article 9 of the commercial code deals with secured transactions any loan, lease, rental, or purchase where collateral is used to secure terms.

Credit bureaus are connected to a public filings database that updates every 24-72 hours. They automatically receive all liens and bankruptcy information after it is filed at the county, state, or federal level. UCC financing statement is a form of public filing. It is filed with your local County Register's office. Credit bureaus check public records as a part of their investigation. Reporting these public records has an effect on the credit rating of your personal credit. By the way it can be also used for improving business credit.

I could always go into a lot of legal jargon and accounting terms, but I feel it would be better to dive straight into explaining how all this works.

Let us began.....

I will use a story to help illustrate how everything works. I will try to make it as simply as possible. Really anyone can do it and you certainly do not need a lawyer.

Before we proceed please keep in mind that in the following story, MY FRIENDS credit will improve after the UCC process is complete.

A friend of mine came to me and asked if he could borrow some money. He only needed \$10,000. I knew he was good for it so I agreed under one condition. We agreed that I will file a UCC-1 and will need to show some collateral to secure the loan.

UCC is a financing statement that tells the “public” that collateral is held between parties for an agreement between the parties. In this case the agreement is the \$10,000.00 loan (which will be put on paper of course) and the collateral will be made public knowledge (using UCC filings that will be referencing the agreement). The agreement will also be filed publically.

My friend agreed to use a 4-wheeler, some computer equipment, and an old banged up car as collateral. He said he would only need the loan for 90 days so I decided not to charge interest. We agreed that he would pay me \$3,333.33 a month for three months.

A piece of collateral will be released after every payment. We also decided on what order the collateral will be released. First the computer equipment, then the 4-wheeler and finally the car (This is very important and I will explain later). After we finished hashing out the details I wrote out everything on a piece of paper. This paper (an agreement) also listed the collateral used (making it a security agreement).

I told him that he could keep possession of the collateral at his home but I would need the serial numbers off everything. We then went to a local notary to get the promissory note witnessed/signed.

I gave him the money and he was on his way. It is now left up to me to fill out a UCC-1 financing statement for that agreement that we signed.

A sample promissory note (form of agreement) can be purchased from Staples or downloaded free from the web.

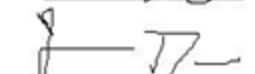
Frankly it can even look as simple as the one below.

PROMISSORY Note

John doe of ***** agrees to borrow \$10,000 from gboogie of ***** on this 1 day of september 2010. This loan is to be repaid no later than 90 days from this date at zero percent interest. This loan will be secured by collateral listed below. The terms of this loan are as follows; Three payments of \$3,333.33. The first payment will be due thirty days from the date of this note at which case a peice of collateral will be released on the schedule listed below and all claims to that particular collateral will be terminated. COLLATERAL: 1988 mitsubishi precis VIN NUMBER u1d4k39nn68dr4k833st2, 2005 compact presario with monitor and printer. serial numbers cp2f332, k54wq2, gen0211js. 2007 ban After the first payment is received The computer equipment will be released. After receiving the second payment on time the 4-wheeler will be released, and the finally the vehicle.

9-1-2010

GBOOGIE


John Doe


NOTARY
PUBLIC SEAL

Before I file a UCC I must go to the local courthouse to have the original agreement registered with the county. This would be your local County Register's office. Some counties give you a hard time when trying to register a promissory note if it does not involve real estate (like a lease).

If this is your case, simply file the note/agreement along with the UCC-1. I have found that it is easier at the state level.

Filing the agreement creates a file number that can be referenced on the ucc-1. The aim is to file BOTH the agreement and the UCC -1 form. Now any investigating Credit bureau will find a UCC filing against the individual (or corporation - for business credit). As they look further into it they will also find the agreement that the UCC was filed for, in the public records. This way there will be a complete picture of what the UCC was about. Remember the UCC does NOT have details of the agreement and hence credit bureaus would want to look further when they find a UCC in the public records.

Bureaus want a complete picture of the individual's financial position. After about two months of the initial filing, the UCC will be amended indicating a release in collateral as the corresponding agreement is fulfilled. So in our example, as my friend pays back the loan, each payment will result in a release in collateral. Since there are 3 total payments there will be 2 amendments and the 3rd will be a termination of the UCC. So in summary I filed a UCC, waited about 2 months and then filed an amendment every month for 2 months after that. Then on the 3rd month it will be time to terminate the UCC, since the complete loan is paid off. This is similar to a loan from a bank being paid off. As a result my friend's credit report will have developed a solid trade line.

Here is a quick summary of the process:

- Two (or more) parties get into an agreement. Make it legal by signing and notarizing it.
- The secured party files a UCC -1 statement indicating the collateral

being secured.

- The UCC is then amended showing the collateral being released as the loan is paid off little by little (as the agreement is fulfilled little by little).
- Finally the UCC is terminated.

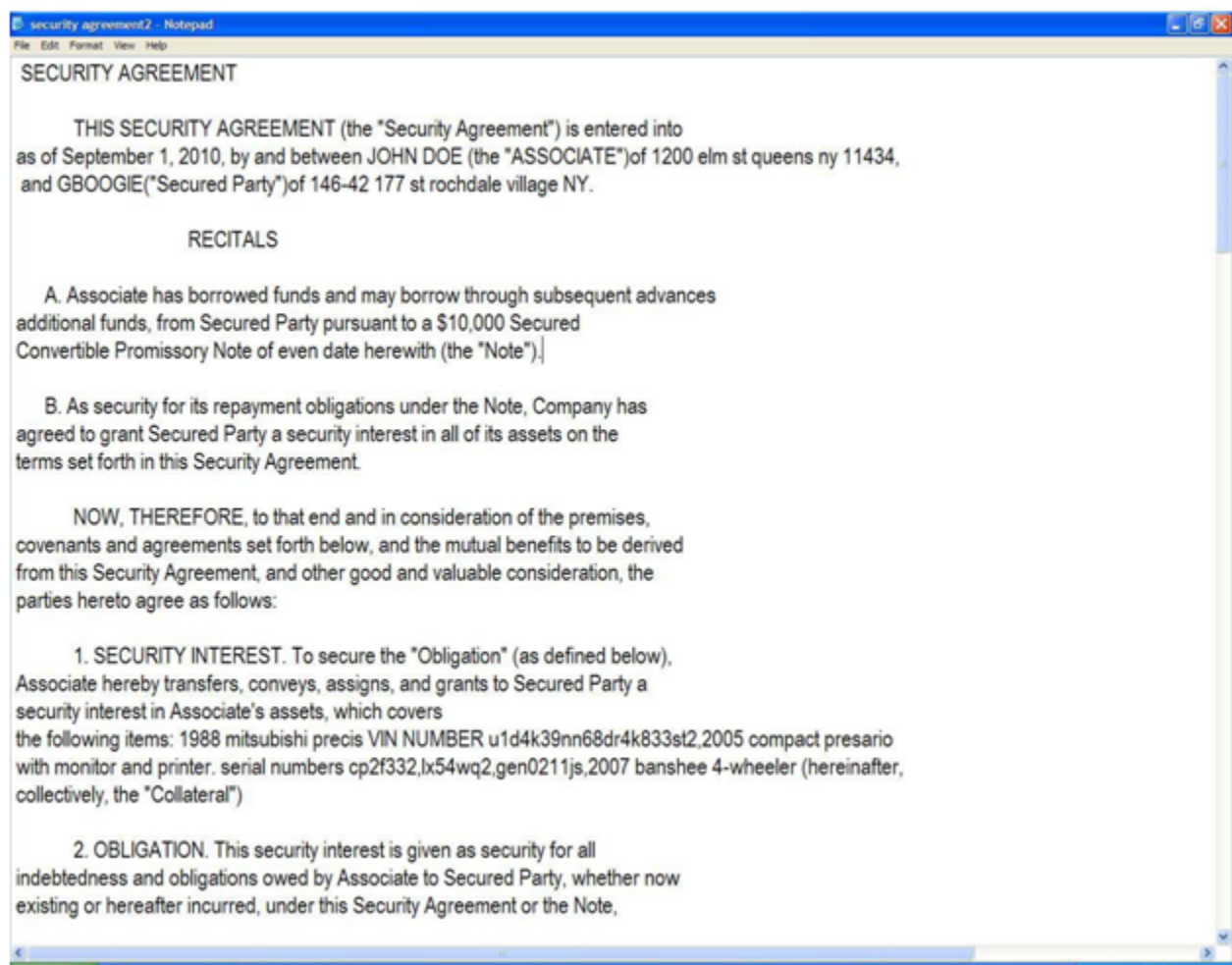
There is section for UCC on all credit reports, business and personal. It shows any transactions that were made by way of collateral (security). By filing an Ucc-1, along with a security agreement and promissory note listing the details of the transaction you create a credit reference on your credit report. When the bureaus pick-up all of these public filings and finally show that the lien was cleared, your credit will improve. Remember that the one that is clearing their collateral, the party that borrowed the money will have their credit improve. In our story it was my friend. Now I will show you have to fill the forms.

Please follow these rules when filing:

- UCC financing statement is a form that can be obtained from the website of your County Register's Office or from the office itself.
- The main purpose of the UCC financing statement (UCC-1) is to indicate the collateral (and its description) that is used to secure a separate agreement.
- The agreement and the UCC financing statement are two separate documents.
- The Register's office is there to help you with the UCC filing they are NOT there to help you build your credit.
- You do NOT need an attorney to prepare these documents.
- Above all keep it simple.

Sample Security agreement:

The difference between a simple promissory note and a security agreement is that the latter contains the details of the collateral as well. A simple promissory note does not contain collateral details. A promissory note and a security agreement are very straight forward to fill out.



The screenshot shows a Notepad window with the title "security agreement2 - Notepad". The document content is as follows:

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Security Agreement") is entered into as of September 1, 2010, by and between JOHN DOE (the "ASSOCIATE") of 1200 elm st queens ny 11434, and GBOOGIE ("Secured Party") of 146-42 177 st rochdale village NY.

RECITALS

A. Associate has borrowed funds and may borrow through subsequent advances additional funds, from Secured Party pursuant to a \$10,000 Secured Convertible Promissory Note of even date herewith (the "Note").

B. As security for its repayment obligations under the Note, Company has agreed to grant Secured Party a security interest in all of its assets on the terms set forth in this Security Agreement.

NOW, THEREFORE, to that end and in consideration of the premises, covenants and agreements set forth below, and the mutual benefits to be derived from this Security Agreement, and other good and valuable consideration, the parties hereto agree as follows:

1. **SECURITY INTEREST.** To secure the "Obligation" (as defined below), Associate hereby transfers, conveys, assigns, and grants to Secured Party a security interest in Associate's assets, which covers the following items: 1988 mitsubishi precis VIN NUMBER u1d4k39nn68dr4k833st2, 2005 compact presario with monitor and printer. serial numbers cp2f332, lx54wq2, gen0211js, 2007 banshee 4-wheeler (hereinafter, collectively, the "Collateral")

2. **OBLIGATION.** This security interest is given as security for all indebtedness and obligations owed by Associate to Secured Party, whether now existing or hereafter incurred, under this Security Agreement or the Note,

Filling out a UCC 1:

Below you see a screen shot of the top half of a UCC-1 form.

Filling out a UCC 1:

Below you see a screen shot of the top half of a UCC-1 form.

UCC-1

Please fill out the following form. You cannot save data typed into this form.
Please print your completed form if you would like a copy for your records.

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME

OR

1b. INDIVIDUAL'S LAST NAME

1c. MAILING ADDRESS

1d. TAX ID #: SSN OR EIN

1e. TYPE OF ORGANIZATION

1f. JURISDICTION OF ORGANIZATION

1g. ORGANIZATIONAL ID #, if any

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME

2c. MAILING ADDRESS

2d. TAX ID #: SSN OR EIN

2e. TYPE OF ORGANIZATION

2f. JURISDICTION OF ORGANIZATION

2g. ORGANIZATIONAL ID #, if any

When filing an Ucc-1 on a personal level, it is a good idea to have a friend or family member extend the loan to you. That way they can file in their name. In the above example "John Doe" would be you.

UCC Article 9 is a part of the “commercial code”; this form also applies to secured transactions between businesses as well.

That will help business credit. This is why you see “organizations name”, and “type of organization”. For our purposes we will ignore those parts of the form. Never list your SS# on the form, it is not needed. Under organization id, check the box that says “none”.

The image shows a screenshot of a UCC-1 form displayed in a Windows Internet Explorer browser window. The address bar shows the URL <http://www.sos.nh.gov/ucc/ucc1.pdf>. The browser's menu bar includes File, Edit, Go To, Favorites, and Help. The toolbar contains various icons for search, share, and other functions. The form itself is titled "UCC-1" and has a purple header bar with the text: "Please fill out the following form. You cannot save data typed into this form. Please print your completed form if you would like a copy for your records." and a "Highlight Fields" button. The form is divided into sections. Section 3, "SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)", is the primary focus. It contains three sub-sections: 3a. ORGANIZATION'S NAME, 3b. INDIVIDUAL'S LAST NAME, and 3c. MAILING ADDRESS. Section 4, "This FINANCING STATEMENT covers the following collateral:", is located below section 3. The form is currently empty, with only the labels for the fields visible. The browser's status bar at the bottom shows the time as 8:50 x 11:00 m and the address bar shows "Unknown Zone".

DEBTOR	
3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only <u>one</u> secured party name (3a or 3b)	
3a. ORGANIZATION'S NAME	
OR	
3b. INDIVIDUAL'S LAST NAME	FIRST NAME
3c. MAILING ADDRESS	CITY
4. This FINANCING STATEMENT covers the following collateral:	

Line 2 is there just in case there is more than one person involved in the transaction that also is in a secured debt relationship with John Doe on this filing. Because it is just John Doe on this transaction all of line two will be left blank.

Line 3 list the secured party (lender). It is filled out the same way as line 1 but with the lenders name. At this point I know the form seem easy to fill out. Almost too easy.

Line 4 is where we list the collateral we spoke about earlier. The collateral must be described with as much detail as possible. At this point you should have your promissory note already registered with you local clerk of court. This is very important if you want this filing to be structured as a trade line. Having your note registered with a local authority gives it a registration number that needs to be listed within the collateral section (line 4) of the UCC-1 financing statement. This causes a reference to the details of the secured transaction that the bureaus will sniff out. This information will then be posted to the credit.

I want to clarify this again, since it will give you a very clear picture of the process. Remember that the financing statements do not list the dollar amounts they only list the collateral. The details of the agreement, like the dollar amount will only be found when the bureaus “find” the original agreement in the public records. This is why we give the location of the details (by reference # to the original agreement). The reason the bureaus would pursue it, would be to get an accurate read on your financial position.

http://www.sos.nh.gov/ucc/ucc1.pdf - Windows Internet Explorer

http://www.sos.nh.gov/ucc/ucc1.pdf

File Edit Go To Favorites Help

Google Ucc-1

Search

Share

Save

Check

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Ucc 1

Sign In

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Find

Please fill out the following form. You cannot save data typed into this form. Please print your completed form if you would like a copy for your records.

Highlight Fields

ORGANIZATION DEBTOR			
SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only <u>one</u> secured party name (3a or 3b)			
3a. ORGANIZATION'S NAME			
3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE I
Boogie		Gee	jr
MAILING ADDRESS		CITY	STATE
4353 elm st		anytown	usa

This FINANCING STATEMENT covers the following collateral:

1988 Mitsubishi Precis Vin number u1d4k9nn68dr4k833st2,
 2005 Compact presario, With monitor and printer. Serial numbers
 cp2f332(CPU), lx54wq2(printer), gen0211js(monitor).
 2007 Banshee(4-wheeler)Serial m0b2shg4fetd
 All collateral is secured in pursuant to the agreement and terms stipulated
 in the promissory note dated _____ and registered with
 the _____ county clerk of court in the state of _____ registration number
 XXXX-XXX-XXX. For details of this agreement please refer to _____ county
 clerk of court in the state of _____ note registration number XXXX-XXX-XXX

8.50 x 11.00 in

Done

Unknown Zone

Line 3 list the secured party (lender). It is filled out the same way as line 1 but with the lenders name. At this point I know the form seem easy to fill out. Almost too easy.

Line 4 is where we list the collateral we spoke about earlier. The collateral must be described with as much detail as possible. At this point you should have your promissory note already registered with you local clerk of court. This is very important if you want this filing to be structured as a trade line. Having your note registered with a local authority gives it a registration number that needs to be listed within the collateral section (line 4) of the UCC-1 financing statement. This causes a reference to the details of the secured transaction that the bureaus will sniff out. This information will then be posted to the credit

report. I want to clarify this again, since it will give you a very clear picture of the process. Remember that the financing statements do not list the amounts they only list the collateral. The details of the agreement, like the dollar amount will only be found when the bureaus “find” the original agreement in the public records. This is why we give the location of the details (by reference # to the original agreement). The reason the bureaus would pursue it, would be to get an accurate read on your financial position.

The image shows a screenshot of a web browser displaying the UCC-1 form. The browser's address bar shows the URL <http://www.sos.nh.gov/ucc/ucc1.pdf>. The form itself is titled "UCC-1" and includes a header section with the text "Please fill out the following form. You cannot save data typed into this form. Please print your completed form if you would like a copy for your records." Below this, the form is divided into sections. Section 3, "SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)", contains sub-sections 3a, "ORGANIZATION'S NAME", and 3b, "INDIVIDUAL'S LAST NAME", "FIRST NAME", and "M". Section 3c, "MAILING ADDRESS", "CITY", and "S" is also present. Section 4, "This FINANCING STATEMENT covers the following collateral:", is empty. The form is displayed in a window titled "UCC-1" with a status bar at the bottom showing "8.50 x 11.00 in".

DEBTOR		
3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - Insert only one secured party name (3a or 3b)		
3a. ORGANIZATION'S NAME		
OR		
3b. INDIVIDUAL'S LAST NAME	FIRST NAME	M
3c. MAILING ADDRESS	CITY	S
4. This FINANCING STATEMENT covers the following collateral:		

UCC 3, releasing the collateral:

A UCC-3 must be filed to indicate this release of collateral – an update to

the original UCC-1. This will reflect that a part of the agreement had been satisfied, and states what collateral is still being used to secure the remaining balance. Once you have filed the ucc-1 and it is time to update it and release collateral, you must file a UCC-3 form. Let's say after about 2 months of filing the UCC-1.

The image shows a screenshot of a web browser displaying the UCC Financing Statement Amendment form. The browser's address bar shows the URL <http://www.icaa.org/downloads/forms/ucc3.pdf>. The form is titled "UCC FINANCING STATEMENT AMENDMENT" and includes instructions to follow the front and back carefully. It contains several sections for user input:

- A. NAME & PHONE OF CONTACT AT FILER (optional)**: A text input field.
- B. SEND ACKNOWLEDGMENT TO: (Name and Address)**: A large text area for providing the recipient's details.
- 1a. INITIAL FINANCING STATEMENT FILE #**: A text input field for the file number.
- 1b. This FINANCING STATEMENT AMENDMENT to be filed (for record) (or recorded) in the REAL ESTATE RECORDS**: A checkbox.
- 2. TERMINATION**: A checkbox for terminating the effectiveness of the financing statement.
- 3. CONTINUATION**: A checkbox for continuing the effectiveness of the financing statement.
- 4. ASSIGNMENT**: A checkbox for assigning the financing statement.
- 5. AMENDMENT (PARTY INFORMATION)**: A section with checkboxes for "Debtor" or "Secured Party of record" and instructions to check only one box. It also includes checkboxes for "CHANGE name and/or address", "DELETE name", and "ADD name".
- 6. CURRENT RECORD INFORMATION**: A section with a checkbox for "6a. ORGANIZATION'S NAME".

There are "Print" and "Reset" buttons on the right side of the form. A note at the bottom right states "THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY". The browser's status bar at the bottom shows "Done" and "Unknown Zone".

As you can see, the format is still the same. After you file your ucc-1, it will be given a file number. That number will go in line 1a. For releasing collateral we will be focusing on line number 8.

http://www.iaca.org/downloads/forms/ucc3.pdf - Windows Internet Explorer

http://www.iaca.org/downloads/forms/ucc3.pdf

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http://www.iaca.org/down... X Yahoo! Mail

1 / 2 300% Print

Please fill out the following form. You cannot save data typed into this form. Please print your completed form if you would like a copy for your records. Highlight Fields

OR

7b. INDIVIDUAL'S LAST NAME		FIRST I	
7c. MAILING ADDRESS			CITY
7d. <u>SEE INSTRUCTIONS</u>	ADD'L INFO RE ORGANIZATION DEBTOR	7e. TYPE OF ORGANIZATION	7f. JUR

8. AMENDMENT (COLLATERAL CHANGE): check only one box.

Describe collateral ☐ deleted or ☐ added, or give entire ☐ restated collateral descript

8.50 x 11.00 in Done Unknown Zone

At this point I am sure everything is pretty obvious. Just tick “deleted collateral” and add all the deleted collateral ! Terminating the UCC
 If you have reached this far the terminating of the UCC should be easy.
 The SAME form that was used for the amendment of the UCC will be used for the termination.

You would simply tick mark point 2. Termination.

Everything else on the form remains the same except there is no change

to collateral since this is a termination.

We do realize that you might want to keep your personal credit/finance issues separate from friends or family. We can offer an alternative. Instead of having you and your friend carry this out you can actually do it with a corporation.

Setting up a corporation is simply a matter of getting an EIN number and a tax id number for a corporation you set up. Search the web for any of the companies that help get you incorporated. You do not need a lawyer for this. In fact just go to www.irs.org and tell call the help desk. Ask them for an EIN for a C- corp set up. Than you can go to your states website and get the certificate of incorporation.

Main things you need are:

A business address. You can make it a home based business. If you have another address you can use that but remember that any mail for the business should come to that location.

Nature of business: You can call it "Business management". Something generic remember we are just talking about UCC filings and not business credit. Refer to the website for business credit etc.

Your SS#.

Type of business: To make it easier let's say a C corp. structure. After you try this UCC method you will realize that there is a whole finance world out there. A C-corp. always allows more flexibility.

Main officer: Of course you are the main officer and hence will sign any documents for decision making. At this point do realize that if you want a relative or a friend to be the main officer you can do that.

Since the whole point of opening a corporation is to have a separate legal entity your friends or relatives are not really directly involved. They have the "protection" of the corporation. But for this example let us say that you are the only officer of the corporation.

After that you have to simply take the corp. papers that you receive (that have the EIN number and Tax ID number) and pay Office-depot a visit. At office depot you can order a corporate kit that will have the company seal. Every time you sign a paper involving the corporation you will use the seal to stamp the company name much like a lawyer does.

Creating a corporation creates a separate legal entity. In effect the corporation can file a UCC against you and vice versa. If you want to improve your credit, have the corporation file a UCC for money that you owe the corp. Follow the same process as outlined previously when you were involved with an agreement with your friend.

When it is time to sign the promissory note you would be signing BOTH as you as an individual and as the corporations chief officer. Be sure to stamp it with the company seal.

By now I am sure you realize that this is real solid information and I am telling you that the world of business credit has even more potential. If you do not have a business at present – do not worry. Just be open to the tremendous opportunity available.

Of course if you already have a corp you can actually make the corp the debtor, you can lend your corp money. That will help build the credit of the business.

Here is a free tip:

Say you have a corp and you file a UCC for an agreement between you and the corp. The agreement states that the corp borrowed money from

you (so the corp is building credit). If both parties involved (you and the corp) agree you can actually back date the agreement. As an example the agreement states that the deal was made (the money was borrowed) one year ago EVEN though the agreement was signed just a month ago and EVEN though the business was not even incorporated a year ago.

Yes that is True. Strictly speaking you do not have to be incorporated to start a business. You might need to incorporate for certain licenses (etc) but not to start conducting business.

The beauty of this is that it becomes a part of your business credit file and lenders can see that you really were in business before the business was actually incorporated. That actually is a very good way to backdate the corporation. Of course the agreement has to be notarized etc . The rest of the process is the same.

Look beyond fancy websites. As far as “no non-sense” information about credit – we have no peers.

One final word:

Do not go overboard with any aspect of filing. For example the number of UCCs filed and the dollar amount on the agreement should be reasonable. It should look realistic on your credit report. This is a completely legitimate process and it should be one of your big secrets to credit building. So use this technique with care and hand it out with care. A number of years ago a person could become an authorize user of another person's credit and assume that cards complete credit history. That really was too good and too easy. Well guess what - everyone started doing it and now that simple method does not work at all. So please be careful with this powerful UCC filing method.

Start as soon as possible and do not rush the process.